
OEA Case Study – Telstra

**The development and implementation
of Australian Workplace Agreements**

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Executive summary

This is a study of the roll-out of Australian Workplace Agreements (AWAs) to Telstra's Level 5 managers. These managers are accountable for directly managing the vast majority of Telstra's operational workforce. For Telstra, aligning the work behaviour of Level 5 managers with the company's competitive business requirements is a critical, strategic development.

Telstra's business drivers have undergone significant change as a result of the deregulation of and the rapid growth in the telecommunications industry.

Telstra's competitors have entered the market during a period of dramatic change in industrial relations regulation. This has enabled the competitors to establish an employment relationship with their workforces that is flexible and time efficient.

By contrast, Telstra is carrying the 'industrial baggage' associated with the organisation's history as a former public sector monopoly. A manifestation of this baggage is that trade union behaviour has not altered in line with the changes undergone by Telstra. In Telstra's experience, this has been unnecessarily time consuming, unproductive and incompatible with its competitive environment. Delays of up to 18 months are experienced in making necessary change, and this results in frustration with the inability to get things done. In the meantime, competitors are able to respond to a rapidly changing environment in a far more timely fashion.

Telstra is seeking a way of developing a more direct relationship with its workforce in order to be able to respond quickly to change and to alter the existing public sector culture to one that is more responsive to customer needs. AWAs are seen as a catalyst for making such change. Telstra has rolled out AWAs to managers at Level 5 as one stage in a process designed to extend the roll out to employees at Level 6.

95% of Telstra's managers at Level 5 are on AWAs, which amounts to approximately 4,000 people. This is seen as an ideal platform for introducing AWAs to the Level 6 workforce.

The results of the Telstra survey of Level 5 managers on AWAs, (see Attachment A) indicate that Telstra has been able to implement AWAs whilst maintaining a positive relationship with its workforce. The focus groups conducted by World Competitive Practices supported these findings. For many, the attraction of an AWA was the:

- access to a flexible salary package;
- access to a performance based pay component that has resulted in an increase in salary;. and
- greater authority to manage staff.

The Telstra survey reveals that 81% of those surveyed were glad that they had signed an AWA.

Telstra has also achieved major gains from the roll-out of AWAs. These include:

- simplifying the employment relationship between Telstra and Level 5 managers and the comparative ease with which work practices can be altered to the satisfaction of both parties;
- extending the culture of competitiveness;
- extending staff employment conditions to another group of managers and removing unwarranted distinctions between similar parts of the workforce;
- strengthening Telstra's accountability and authority framework, which is central to the development of direct employment relationships; and
- providing a platform for the roll-out of AWAs to Level 6 employees.

The implementation of AWAs has resulted in both the Level 5 managers and Telstra experiencing benefits, thus creating a win-win situation.

Research process

An initial meeting was held with Telstra, involving the General Manager of Employee Relations and a national projects senior consultant. We were supplied with an extensive kit containing information on such areas as the communications to staff, the list of all awards and pro forma copies of the AWAs.

Fourteen focus groups of ninety individuals at Level 5 were held in Sydney, Melbourne and Adelaide. The focus groups were conducted with those who had not signed an AWA as well as with the many who had.

Interviews were conducted with various managers at Level 3 and 4 and specifically with a principal Employee Relations adviser and the General Manager of Workplace Reform/IR Strategy. A two-hour interview was conducted with the Director of Organisational Effectiveness who was heavily involved in the development and implementation of AWAs within Telstra.

The Telstra survey of 600 Level 5 managers was conducted in April-May 1999. This report is also informed by the findings of the survey.

Background

Telstra is Australia's biggest company in terms of market capitalisation. Currently 53,000 people are employed nationwide, although this figure has been much higher and was at one point over 78,000.

Telstra had been run as a government monopoly until 1993 when Optus was able to compete for customers in the long distance phone call market. Telstra's history as a government monopoly has meant that the company has negotiated a multitude of awards and agreements with a diverse range of unions in a non-competitive environment.

The telecommunications industry is experiencing rapid growth due to factors such as the development of the Internet, mobile and wireless communications, pay television and the reduction in long distance call costs. This has created significant opportunities for a range of competitors including service providers.

The introduction of competition and the rapid growth in the industry are the prime reasons why Telstra has felt the need to change from being a large bureaucracy to becoming a far more flexible and responsive organisation.

The principal occupations in telecommunications are numerous due to the diversity and size of the industry. The occupations include sales of goods and services, research and design, installation, line maintenance, customer call centre operations, electronics, engineering, electrical and plumbing.

Starting point

Six levels of employment exist within Telstra, to which different agreements are applied, ranging from individual contracts to collective agreements. The table below explains the six levels and the employment agreement relevant to each.

Table 1 Levels of employment in Telstra

Level	Leadership Role	Impact of Major Decisions	Employment Agreement
1	Strategic Leadership (eg. CEO/GMDs)	Greater than 10 years	Individual contract
2	Business unit leadership (eg MDs)	Up to 10 years	Individual contract
3	General leadership (eg. NGM/GMs)	Up to 3 years	Individual contract
4	Group leadership	Up to 1 year	Individual contract
5	Unit leadership (first level management)	Up to 3 months	95% covered by AWAs; 5% covered by certified agreement
6	Team leadership/ supervisory OR Direct output role	Immediate	Majority covered by certified agreement, progression onto AWAs for team leaders

At Levels 1 to 5, only two parties are involved in employment negotiations – Telstra (generally represented by the employees' immediate manager) and the employee. Negotiations over collective agreements include representatives from the relevant unions and associations, which are the:

- Association of Professional Engineers and Scientists and Managers Australia (APESMA);
- Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union (AMWU);
- Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia (CEPU);
- Community and Public Sector Union (CPSU); and
- Media, Entertainment and Arts Alliance (MEAA).

Thus the move towards contract employment has meant that many negotiations do not involve union or association

representatives. At the time of writing, most Level 6 employees (approximately 49,000) and 5% of Level 5 employees (approximately 200) were the only groups covered by a *collective* agreement.

Attachment B, lists some of the current awards applicable to Level 5 managers. These are representative of the ten awards or twenty-two certified agreements that can be used to cover Level 5 managers. Once approved by the Office of the Employment Advocate, the AWA displaces all of these other instruments.

The number of potential collective arrangements that can apply to Level 5 employees is reflective of the approach taken more broadly. The wide range of occupations and therefore roles within Telstra, and the large number of unions negotiating agreements in different areas of the organisation have resulted in an extremely complex, costly and time consuming experience of industrial relations for Telstra.

In addition to the large number of formal awards and agreements that exist, until recently Telstra also had to deal with a range of informal arrangements. These informal arrangements, made with unions, were often unique to a particular area and a particular manager. Telstra documentation identifies seventy such informal agreements, but according to a Level 3 manager, there were more like “seven hundred others” that had been arranged at a local level. These agreements became a significant hindrance to Telstra in that only local managers knew of their existence. This often caused problems when, years later, “...unions would trot out the agreement when it suited”, according to one Level 3 manager.

These informal arrangements were made redundant with the signing of the most recent enterprise agreements. However, the primary reason why these agreements existed – expediency – still remains. When issues arose at a local level, the delay associated with having an agreement ratified at the national level was too long for many and consequently people found less cumbersome ways of reaching agreement so work could continue or change could take place.

In addition, some of the awards still relevant in Telstra date back twenty-five years and are founded on agreements from the previous century. An example of this is the *Telstra Corporation General Conditions of Employment Award 1996*. Despite being negotiated only three years ago, it still includes a reference to travelling time when working a railway pump car or when travelling by ship! This stems from the fact that only specific clauses of the Award are modified each time it is renegotiated. Modifying a specific clause of the Award takes so much time that only a limited number of clauses can be addressed at any particular Award renegotiation. Clauses not specifically on the agenda tend to remain unchallenged, even if inappropriate or outdated.

Corporate history (and thus culture) has also influenced the pace with which Telstra has been able to respond to change and adopt more flexible employment arrangements. Telstra's years of operating as a large protected monopoly contributed to the development of a public sector culture that has not been required to compete for business actively. The major changes that have occurred in the industry's structure over the past decade have required the company to embrace a new philosophy of both cost reduction and service improvement in the face of intensifying competition. Culture change of this degree is not easy, and is likely to take many years to achieve.

Thus the multitude of formal and informal agreements, their age, and the nature of Telstra's organisational culture, have meant that work improvements have been hard to achieve in a timely and agile manner. Changes in work practices that lead to greater flexibility and efficiency have been difficult to implement organisation-wide because of the variety of arrangements that exist. These issues have made the company's drive for competitiveness more complex.

In contrast, rivals have been able to put more appropriate arrangements in place with their employees. More specifically, other organisations in the industry have a distinct advantage in that they have been able to implement employment contracts that are far more flexible than the current agreements that apply to the majority of Telstra's workforce. These more flexible arrangements reflect the relative youth of these companies when compared with Telstra. They have been able to establish agreements *from scratch* in an environment where direct negotiation with employees has become more commonplace as a result of changes to the Industrial Relations Act and the introduction of the Workplace Relations Act.

This situation is exemplified by the fact that Telstra's current enterprise agreement for Level 6 employees took fifteen months to negotiate. As one Level 3 manager noted, Telstra's experiences with agreement making involving third parties are that the negotiations take place amicably, but that it takes 'forever' to achieve any substantive change. In contrast, competitors were able to effect change twelve months earlier, through more direct negotiations with employees and more flexibly-worded contracts.

Another example is the changes that occurred at Level 5 before AWAs were implemented. Before Level 5 employees signed AWAs, many were under 'quasi' contracts drawn up under the *Telstra Senior Officers Minimum Rates Agreement*, which had been in place since 1996. Even this Agreement had taken several months to negotiate, which led to a feeling of ill will between management and the unions. One of the key points at issue was the use of performance-related pay. Even when this

issue was resolved, management was unable to exercise sufficient control of the scheme to allow it to reward high performers more effectively or to adapt to change more readily.

Thus the time taken to reach agreement, the lack of flexibility contained in the resulting provisions and the frustrations associated with negotiating agreements are typical constraints that led to Telstra searching for a better way to reach agreement with its workforce. These concerns were not only held by management - individuals in the focus groups commented on the frustration they have experienced by the inability of previous agreements to enable the recognition and reward of better performers.

Against this background, the simplicity of having one agreement (in the form of an AWA) and the speed with which it can be implemented are major attractions for Telstra as an organisation keen on changing work practices to increase productivity and customer focus. AWAs are seen as a way of meeting the needs of employees while also instilling a sense of pride in the work being done, leading to a greater commitment to customer service and competitiveness. This reflects a belief held by some senior managers that “it is necessary to have a positive relationship with your people if you want your people to have a positive relationship with the customer”.¹

Thus Telstra management perceives AWAs as the appropriate instrument for establishing a relationship with staff that enhances the likelihood of a cultural shift to a responsive, customer-focused organisation. Achieving this aim appears possible amongst the Level 5 managers interviewed, particularly given their high level of trust in, and support for, the organisation.

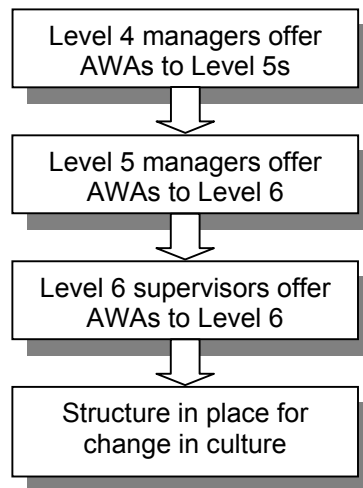
¹ Comment from Level 2 manager.

Intent

Telstra's major objective is to have employment relationships that allow a nimble and timely response to competitive requirements of the telecommunications industry. The increasingly competitive environment has motivated the company to find a way of relating with its workforce in a more direct fashion. Telstra's view has moved in this direction as a result of the lengthy periods of negotiation with unions which often preceded the implementation of change. A direct relationship with employees enables Telstra to shorten dramatically the move to new agreements. Telstra's competitors are new to the industry and consequently do not carry the industrial relations 'baggage' associated with being a former public sector monopoly. Telstra must be able to adapt quickly to changes in the industry, and AWAs are seen as the tool needed to effect change as rapidly as Telstra's competitors.

The ultimate objective is to establish a direct relationship with employees to facilitate a shift in culture. Telstra is anticipating that the roll-out of AWAs will take two years or more just to reach the Level 6 supervisors and experts. The roll-out to Level 5 managers is a central and necessary step in this process. Employees in Level 6 roles would be unlikely to be receptive to AWAs if their immediate managers had not displayed their confidence in AWAs. Figure 1 highlights the steps being used to achieve this cultural change.

Figure 1



A significant benefit of AWAs has been that they allow dramatic simplification and standardisation of individual contracts. The ability to use a standard contract reduces the administrative cost associated with the move to a more personal relationship with the workforce. The previous attempt to gain this benefit was made using common law contracts. This proved unsuccessful as it was found that they were

inappropriate for some, as the work being done was still covered by a particular award. The AWA had the advantage of displacing an award. This clarified the issue raised by unions as to whether individuals were working under award conditions when on a common law contract.

The employees' perception of Telstra's intent is generally positive. The need for change was communicated to staff and was accepted by all, including the few that rejected signing an AWA. Reasons for rejecting the AWA were based on particular clauses in the contract rather than the concept of an individual contract itself. These people had not signed an agreement largely due to two reasons:

- long-term employees believed erroneously that their superannuation was detrimentally affected;
- people were concerned about management discretion regarding unplanned leave, particularly long-term employees who had built up considerable sick leave.

Explanations offered by Level 5 managers in the focus groups as to why Telstra wanted to introduce AWAs included:

- commercial reality;
- greater flexibility in managing the workforce;
- getting things done faster;
- establishing simpler agreements; and
- one step in the drive for a more customer-focused culture.

These were closely aligned with the reasons offered by Telstra and indicate that the company has successfully communicated the need for change.

The minority who had negative perceptions of AWAs suggested the reasons for their introduction included:

- a way of gradually reducing pay by increasing the performance component and then making targets harder to achieve;
- being able to move you anywhere;
- not having to pay you for sick leave; and
- making it easier to get rid of you.

The final point was seen as a positive by some in that it gave the organisation an opportunity to ensure all individuals were contributing, along with giving managers a way of managing under-performance over a long period of time.

Process

The Office of the Employment Advocate advised on the development of an AWA that was a substitute for existing contracts and that met the 'no disadvantage' test. Telstra was concerned with ensuring that the Level 5 managers' above award conditions were maintained or bettered. The Employee Relations Group developed the form and content of the AWAs with this in mind.

Level 5 managers were provided with information documents including the Level 5 Manager Contract Information for Employees. This included information as to why individuals were being offered AWAs. It was made clear that the individuals were in management roles and as such should be offered management contracts similar to those at Level 4 and above. Flexible remuneration packages were being offered and this was seen as a real benefit as indicated by the responses from the focus groups and the survey. For many the performance-based pay component being offered was also an attraction.

Level 5 managers received information about AWAs from their immediate manager (Level 4 in nearly all cases) and through briefings from representatives from the Employment Relations group. Other means of communication included the Intranet and documents provided by Telstra and the Office of the Employment Advocate. Individuals spoke to their immediate managers and were provided with documents including the Employment Advocate's Information Statement for Employees. Telstra supplied documents regarding Telstra's policies on flexible remuneration, motor vehicles and travel, a comparison with existing conditions (see Attachment C) and entertainment expenses. The Intranet was used to supplement the information in the Level 5 Manager Contract Information for Employees. The information included a Question and Answers section designed to address the most commonly asked questions.

Many staff sought information from peers who had already signed an AWA or who had independently sought additional information from the OEA, unions, financial advisers and solicitors. The general advice from the unions was not to sign the contract due to the ambiguity associated with the management discretion on sick leave, no guarantee of the performance pay continuing, and the increased ability to relocate staff. The majority of staff chose to sign despite this advice, as they were confident that Telstra would do the 'right thing'. Telstra has clearly established a high level of trust with its Level 5 managers. No one was singled out for not signing an AWA, but some were concerned that it was expected they sign and they would be overlooked for promotion if they did not. This belief was not based on any formal communication from Telstra, but rather from immediate managers clearly communicating that the individual would benefit from accepting the AWA being offered. A common reason for signing was that if Telstra believed that AWAs were in the best interests of the employer and employee, then they were prepared to do the 'right thing' by the organisation given they saw no real disadvantage in signing an AWA.

The few people who did contact the Office of the Employment Advocate for clarification were very complimentary about the level of service and advice offered. Two individuals described the OEA's work as "outstanding".²

In summary, the key sources of information for employees were:

- documents supplied by Telstra;
- documents supplied by the Office of the Employment Advocate;
- Telstra Level 4 managers providing information and the contact point for signing an AWA;
- representatives from the Employee Relations Group who provided information briefings;
- Telstra's Intranet;
- peers;
- unions;
- financial advisers; and
- solicitors.

No individual from the focus groups had used a bargaining agent and some were not aware of the option to do so. This appears to have been as a result of information overload rather than the individuals being denied access to such information.

² Comments from Level 5 focus groups.

Content

Table 2 (overleaf) highlights the key provisions of the AWA and the objective of each provision. Overall, the provisions reflect the broader business objective, which is to move from a public sector culture to one that is more responsive and customer-focused through direct relationships with Telstra employees.

This overall objective is met in several ways through the content of the AWA:

- it helps to establish clearly the authority relationships between managers in Level 4 and Level 5 roles, e.g. the authority of a manager in a Level 4 role to grant sick leave;
- it reinforces the accountability of managers in Level 5 roles, e.g. the removal of Telstra's obligation to find alternative roles for poor performers;
- it establishes a strong connection between performance and reward, e.g. Management Incentive Performance Program (MIP);
- it helps reform uncompetitive or counterproductive systems, e.g. the complete removal of seniority in selecting people for promotion;
- it ensures managers focus on people management, e.g. MIP; and
- it removes uncompetitive work practices, e.g. removal of rostered days off.

The aim is to build in greater flexibility of conditions and to allow a more direct relationship to develop between employees and their immediate managers. Telstra's view is that it will deliver benefits such as simpler and faster negotiations and improvements in competitiveness through changes in work practices. The collective agreements are presently very rigid, and initiating change can take up to 18 months. Dramatically reducing the complexity of and the time taken to alter agreements is a major objective and competitive necessity.

A further change was the move to a single contract of only a few pages (supplemented by various Telstra policies that apply to all divisions). This contrasts with numerous lengthy awards and agreements such as the Australian Telecommunications Commission Technical and Trades Staff Award 1975, which is 69 pages long. The ability to use a single, brief contract has drastically reduced the administrative time and cost involved in implementing a new agreement with staff. This agreement has led to Telstra and its Level 5 managers being able to operate more flexibly. The new contract has also removed many of the anachronisms (such as travel time when working a railway pump car) found in previous agreements.

Table 2 Key provisions of the AWA

Key Provisions	Objective
Individual contract	Establish direct relationship with employee
Flexible remuneration package	Enhance direct relationship and make employment conditions more attractive in order to compete against offers made by competitors
Unplanned leave at manager's discretion	Increased accountability, improved productivity
Removal of set number of days of leave	Remove mindset that sick leave is an entitlement
RDOs and overtime removed	Improved productivity, partially through changed mindset
Ability to reassign staff, which may involve relocation	Improved productivity and greater customer focus
Management Incentive Program (MIP)	Increased accountability, improved productivity, and greater recognition of high performance
Performance-based pay introduced and used in determining future salary	Increased accountability, improved productivity and greater recognition of high performance
Removal of the obligation to find people another job when they are unsuited to their current role	Increased accountability, improved productivity and greater customer focus
Reimbursement of travel and business expenses linked to the costs incurred, rather than an allowance per day	Enhanced cost control
Restriction of one month before you can be employed by another player in the industry	Disincentive to leave to go to a competitor. Period is greater at higher levels
Internal dispute settlement via the Telstra Fair Treatment Process	Maintain direct relationship, faster dispute settlement
Seniority is not a factor in promotions	Increased accountability, improved productivity and greater recognition of high performance
The ability to dismiss someone who commits a serious act of misconduct	Increased accountability and improved productivity

Attachment C, “Telstra’s Terms and Conditions Comparison”, highlights the changes made and the expected impact on work conditions.

The roll-out of AWAs to managers in Level 5 roles has brought about a significant change in the basis of the employment relationship, moving it more closely to the direct relationship Telstra is seeking. This is because the provisions of the AWAs have had a significant impact on Telstra’s framework of managerial accountability and authority at the Level 4/Level 5 interface.

Of the 40% of managers in Level 5 roles who identified change in work as a result of AWAs, nearly half specifically identified the change as affecting accountabilities and authorities.³ The findings from the focus groups were now definite about the increase in accountability and authority. Strengthening the discretion in granting sick leave by the move to no fixed number of days and the new performance appraisal were cited by Level 5 staff as examples of the clearer authority and accountability.

Half the survey group who commented on change and virtually all in the focus groups identified the stronger link between performance and reward, a feeling of greater accountability and results orientation, clarity of accountabilities and the like.

The identified changes are each consistent with greater clarity in Telstra’s framework of accountability and authority, which is central to the idea of direct relationships.

One significant variation from previous agreements is the availability of flexible salary packaging to all business units. Many Level 5 managers said this was an attractive feature of an AWA. This innovation, which enables employees to package their salaries in accordance with their individual requirements, is consistent with the higher premium now being placed by Telstra on direct employment relationships and consistent with strengthening the idea of individual accountability. In addition, the salary packaging provides Telstra with a retention incentive when it is more favourable to the packages offered by competitors. The ability to recruit quality people has also been improved as a result of flexible salary packaging.

³ Level 5 survey Question 5



The roll-out of AWAs to employees in Level 6 roles is based on the same or similar considerations to those just discussed. That is, the AWAs to be offered to people at Level 6 are intended to strengthen and clarify the Level 5/Level 6 accountability and authority framework. If successful we would expect similar findings to the Level 5 survey and the focus groups. The roll-out to Level 5 is thus an important strategic step in establishing direct employment relationship between Telstra and its operational workforce and in securing Telstra's competitive future.

AWAs displaced formal collective agreements, which themselves had displaced a very large number of informal arrangements.

Implementation

The implementation of AWAs for Level 5 managers has been a large-scale operation that has required significant administrative effort over the past 18 months. Over 4,000 Level 5 managers were offered an individual agreement during this period. While employees expected there would be errors in such a large scale operation and were generally sympathetic to Telstra's efforts, there was some concern expressed about the delays experienced, the lack of information available and the difficulty in contacting anyone within the Employee Relations area.

Information from Level 5 managers who participated in the focus groups did in fact suggest some administrative errors had occurred, mostly of a relatively minor nature. There was some evidence, however, that these errors might have undermined confidence in the process, albeit in a minor way.

In the main however, concerns were more evident amongst those who signed an AWA 18 months ago. Those who have recently signed have had fewer problems. More information is now available and access to the ER division has become easier.

The views tapped in the focus group research were strongly reflected in the Level 5 survey. The survey results show that 72% of Level 5 managers were happy with the explanation of the contract. This is consistent with the feedback from the focus groups. However, the satisfactory explanation of AWAs is only one aspect of their successful implementation. The information packs made available to immediate managers were improved and proved very useful, as did the question and answer sessions run by people from the ER division.

Focus groups were also asked whether the dispute process had been tested since the AWAs were introduced. No one knew of any person who had used the process to progress a dispute. However, one Level 5 employee who chose not to sign an AWA had expressed concern that her immediate manager had placed too much pressure on her to sign an AWA and had officially complained to Telstra. The outcome was very positive in that the manager offered a full apology and the individual who made the complaint suggested the relationship between the two has been very cordial since, although she is now less trusting of this manager.

Outcomes

The introduction of AWAs is an important catalyst for the development of more innovative employment relations and competitive work practices.

Collective agreements had been gradually addressing change in work practices. However, there was, and is, a general belief in Telstra that negotiations of those agreements would continue to take a period of time inconsistent with Telstra's competitive requirements. In contrast, a belief now exists that agreements with Level 5 managers can be renegotiated quickly in order to compete effectively in an industry experiencing constant change.

For the 95% of Level 5 managers who have taken up AWAs, the most important changes accompanying AWAs have been:

- the simplicity of the rules governing the employment relationship between Telstra and its Level 5 managers;
- the consequent and comparative ease with which work practices can now be altered in response to Telstra's changing environment, to the satisfaction of both parties;
- the alignment of the work behaviours of another group of Telstra managers with Telstra's business requirements;
- the extension of the culture of competitiveness and further reduction of the public sector culture;
- the extension of what is essentially staff employment conditions to another group of managers, removing unwarranted distinctions between similar parts of the workforce; and
- the strengthening of Telstra's accountability and authority framework, which is central to the development of direct employment relationships.

A significant outcome has been the creation of a platform on which to offer AWAs to employees at Level 6. Telstra's approach is based partly on the premise that the necessary change will be more likely to occur if the behaviour of managers is in accord with the message they wish to convey to their workforce.

In introducing AWAs to Level 6, managers at Level 5 have an essential role to communicate the intent and rationale and to deal with issues raised by employees in Level 6 roles. Telstra now largely has in place the conditions necessary to reach the majority of its workforce with a credible message exemplified in behaviour.

Level 5 managers have signed what many regard as a contract requiring great faith in their employer, as there is room for their remuneration and conditions to deteriorate as well as improve. The degree of trust is high already and the union representation is low at this level. The potential for a more direct and positive relationship at this level now exists as a result of the successful implementation of AWAs.

Although there are those who may be perceived as being in a disadvantaged bargaining position, such as trainees and those with a non-English speaking background, focus group participants reported no instances of this being realised. Given the diverse nature of the Level 5 workforce and the fact that the AWAs are utilised nationwide, the need for a standard contract has ensured that all have been treated in the same manner.

Next time

Telstra plans to move to the next stage of the roll-out of AWAs to Level 6 employees. AWAs are seen as an important part of Telstra's employment offering.

Telstra has learnt a great deal from the roll-out of AWAs to Level 5 managers. There has been further development of the information available on Telstra's Intranet and the information pack available to the Level 6 employees' immediate managers is more comprehensive. Administrative process seems likely to continue to be sharpened.

The rollout of Level 5 AWAs was handled by the immediate managers (normally at Level 4) who were on common law individual contracts, rather than AWAs. The Employment Relations division had not had any previous experience with AWAs either. The fact that the Level 5 manager has just gone through the experience is seen as a distinct advantage in that being on an AWA helps to build confidence in them by employees in Level 6 roles. An additional benefit is that the person responsible for offering the AWA to an employee in a Level 6 role has a working knowledge of the issues and has become aware of where information can be found.

Some managers in Level 5 roles expressed a concern that they need a greater understanding of the provisions of the Level 6 AWA before they are responsible for explaining the contract to their staff.

Telstra will first introduce AWAs to Level 6 supervisors. The strategy of using the immediate manager to offer an AWA is seen as a vital component of the overall strategy to move the workforce to a more direct relationship with Telstra which will improve trust and reduce the time required to reach new agreements. The ability to adapt quickly to a rapidly changing environment is seen as vital if Telstra is to continue to be a leader in the telecommunications industry.

Attachment A: Survey results

**Attachment B: Telstra Corporation – List of
awards**

**Attachment C: Terms and conditions
comparison**
